

## Message Text

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PAGE 01 RABAT 01044 261312Z  
ACTION NEA-10

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R 260936Z FEB 77  
FM AMEMBASSY RABAT  
TO SECSTATE WASHDC 1112

UNCLAS RABAT 1044

E.O. 11652: N/A  
TAGS: EFIN MO  
SUBJECT: US-MOROCCO DOUBLE TAXATION TREATY

REF: (A) RABAT 6625, (B) STATE 020194

1. EMBASSY TEAM HELD POSITIVE AND HIGHLY PRODUCTIVE NEGOTIATING SESSION WITH MOROCCAN MINFIN REPS ON FEBRUARY 24 AT WHICH REMAINING DIFFERENCES ON FRENCH AND ENGLISH TEXTS WERE REVIEWED. ALL CHANGES SUGGESTED BY US SIDE PER REF B WERE ACCEPTED BY MOROCCAN SIDE WITH TWO EXCEPTIONS TO WHICH THEY (AND WE) HOPE WASHINGTON CAN AGREE (SEE PARAS 2 AND 6 BELOW FOR GOM ARGUMENTATION.

2. ARTICLE 1, PARAGRAPH 1 (B) LINE 3: MOROCCAN SIDE CONTINUES TO INSIST THAT MENTION OF ARTICLE 21 IS NOT CLARIFYING, IS OUT OF PLACE FROM THE POINT OF VIEW OF FORMAT, AND IS NOT CONSISTENT WITH OECD MODEL OR TREATIES ENTERED INTO BY THE UNITED STATES WITH OTHER NATIONS IN WHICH THIS SECTION MERELY ENUMERATES THE TYPES OF TAXES CONSIDERED UNDER THE AGREEMENT. MOROCCANS ALSO POINT OUT THAT ARTICLE 21 STANDS ON OWN AND OMISSION OF WHAT THEY CONSIDER PREMATURE AND UNNEEDED REFERENCE IN ARTICLE 1 DOES NOT AFFECT APPLICABILITY OR INTERPRETATION OF ARTICLE 21 IN ANY WAY. DESPITE CONSIDERABLE ARGUMENTATION ON OUR PART, FINANCE MINISTRY OFFICIALS HELD ABSOLUTELY FIRM ON THIS POINT (SEE EMBASSY UNCLASSIFIED

UNCLASSIFIED

PAGE 02 RABAT 01044 261312Z

RECOMMENDATION, PARA 11 BELOW).

3. ARTICLE 5, PARAGRAPH 3, LINES 2 AND 3: EXCISION OF THE PHRASE "POUR L'USAGE OU LA CONCESSION DE L'USAGE DES BIENS OU DES DROITS ENONCES DANS LEDIT ARTICLE" AGREED TO BY MOROCCAN SIDE.

4. ARTICLE 13, PARAGRAPH 1, LINE 3: MOROCCAN SIDE  
ACCEPTS "BIENS DE CAPITAL" AS PROPER TERMINOLOGY  
CONSISTENT WITH INTERNATIONAL USAGE.

5. ARTICLE 13, PARAGRAPH 2 (C), LINE 1: MOROCCAN SIDE  
AGREES TO RETAIN THE TERM "PERSONNE PHYSIQUE", IMMEDIATELY  
PRECEDING THE WORDS "RESIDENTE D'UN ETAT CONTRACTANT".

6. ARTICLE 14 AND ARTICLE 15 (TITLES AND TEXTS):  
MOROCCAN SIDE, WHILE NOW CONCEDED THAT THE TERM  
"PROFESSIONS INDEPENDANTES" COULD BE INTERPRETED  
IN A MORE RESTRICTIVE SENS THAN INTENDED, IS NONETHELESS  
OF THE OPINION THAT "SERVICES" AS USED IN TH US-SUGGESTED  
"SERVICES PERSONNELS SALARIES" (OR "NON-SALARIES") IS  
ALSO RESTRICTIVE SINCE IT MIGHT BE INTERPRETED AS  
REFERRING TO PERSONAL BUT NOT PROFESSIONAL SERVICES.  
ALSO, IN THE MOROCCAN VIEW, THE TERMS "INDEPENDANT"  
AND DEPENDANT" ARE SYNONOMOUS WITH "NON-SALARIE"  
AND "SALARIE" RESPECTIVELY AND THERE IS NO NEED FOR A  
CHANGE HERE. GOM TEAM ALSO POINTED OUT THAT ENGLISH  
TEXT ITSELF EMPLOYS TERMS "DEPENDENT" AND "INDEPENDENT"  
AND WE HAVE NOT SUGGESTED CHANGING THESE. IN ORDER TO  
BE AS INCLUSIVE AS POSSIBLE, THE MOROCCAN SIDE PUTS  
FORWARD ALTERNATIVE SUGGESTION THAT THE TITLE OF  
ARTICLE 14 READ "ACTIVITES PERSONNELLES INDEPENDANTES",  
WITH PARALLEL MODIFICATION OF ARTICLE 14, PARAGRAPH (1),  
LINE 2 AND ARTICLE 14, PARAGRAPH (2), LINE 2 WHICH WOULD  
THEN READ "...ETAT CONTRACTANT TIRE DE L'EXECUTION  
D'ACTIVITES PERSONNELLES A TITRE INDEPENDANT..."  
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PAGE 03 RABAT 01044 261312Z

ARTICLE 15 WOULD REFLECT PARALLEL TITLE AND WORDING  
"ACTIVITES PERSONNELLES DEPENDANTES".

7. ARTICLE 16, PARAGRAPHS 1 AND 2. MOROCCAN SIDE AGREES  
TO THE EXCISION OF LINES 8, 9, AND 10 OF PARAGRAPH 1  
AS REDUNDANT AND ALSO AGREES TO THE REPLACEMENT OF THE  
WORD "IL" IN PARAGRAPH 2, LINE 3, BY THE TERM "CE REVENU".  
(NOTE: ARTICLE 16, PARAGRAPHS 1 AND 2, REFER TO THE  
RESPECTIVE TITLES OF ARTICLE 14 AND 15. WHEN TITLES FOR  
THE LATTER ARE AGREED UPON, THESE WILL HAVE TO BE  
REFLECTED IN ARTICLE 16, PARAGRAPH 1, LINE 2, AND  
ARTICLE 16, PARAGRAPH 2, LINE 5.)

8. ARTICLE 20, PARAGRAPH 5 (A) AND (B): MOROCCAN  
SIDE AGREES TO ADDITION OF THE PHRASE "POUR TOUT ANNEE  
D'IMPOSITION" IN PARAGRAPH 5 (A), LINE 3, FOLLOWING  
"(PERSONAL HOLDING COMPANY TAX)" AND PRECEDING "SI  
TOUTES..." AND SIMILAR INSERTION OF THE SAME PHRASE IN  
(B) FOLLOWING "DISPOSITION DES SOCIETES" AND PRECEDING

"A MOINS QU'ELLE...".

9. ARTICLE 29, PARAGRAPH 1: THE MOROCCAN SIDE AGREES TO THE CHANGES TO THE ENGLISH AND FRENCH TEXTS OF INTRODUCTORY PARAGRAPH AS SUGGESTED BY THE US SIDE.

10. MISCELLANEOUS CHANGES IN ENGLISH TEXT: MOROCCAN SIDE AGREED TO ALL CHANGES IN THE ENGLISH TEXT PROPOSED BY US SIDE PER PARAGRAPHS 2, 3, 4, 5, AND 6 OF REF B.

11. COMMENT: IF WASHINGTON CAN ACCEPT EXCLUSION OF REFERENCE TO ARTICLE 21 IN ARTICLE 1 AND EMPLOYMENT OF FRENCH WORD "ACTIVITES" AS TRANSLATION FOR ENGLISH "SERVICES", WE NOW HAVE AGREED FRENCH AND ENGLISH TEXTS AND CAN GET ON WITH CONFORMING ARABIC VERSION. IN VIEW OF OTHERWISE HIGHLY ACCOMMODATING GOM POSTURE DURING NEGOTIATIONS, EMBASSY STRONGLY URGES TREASURY, AND STATE LEGAL  
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 RABAT 01044 261312Z

AND LANGUAGE SERVICES OFFICES TO GO ALONG WITH THESE TWO IDIOSYNCRATIC PREFERENCES WHICH, IN OUR VIEW, ARE NON-SUBSTANTIVE. AMBASSADOR WILL BE SEEING KING HASSAN WITHIN NEXT TWO WEEKS PRIOR TO RETURN TO WASHINGTON FOR CONSULTATION. WOULD THEREFORE APPRECIATE PRIORITY NOTIFICATION OF WASHINGTON ACCEPTANCE THESE TWO COUNTER PROPOSALS SO THAT AMBASSADOR CAN INFORM KING OF PROGRESS TOWARDS SIGNATURE OF THIS IMPORTANT TREATY. AS TO ARABIC TEXT, WHICH COUNTER TO ERRONEOUS IMPRESSION CONTAINED PARA 16, REF A, WILL RPT WILL BE EQUALLY AUTHORITATIVE, HOPE LANGUAGE SERVICES WILL WITHOUT DELAY HIRE ARABIC TRANSLATOR TO CONFORM ARABIC TEXT. WE WOULD THEN HOPE TO RECEIVE INTERLINEATED COPY AT EARLIEST POSSIBLE DATE LOOKING TOWARDS (HOPEFULLY) FINAL NEGOTIATING SESSION IN EARLY APRIL AFTER AMBASSADOR'S RETURN. ANDERSON

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